

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

SEP - 5 2012

In re:

CANOPY FINANCIAL, INC.,

Debtor.

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Case No. 09 B 44943

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)  
Chapter 7  
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**FINDINGS OF FACT AND CONCLUSIONS OF LAW IN SUPPORT OF ORDER AWARDING TO  
ALVAREZ & MARSAL DISPUTE ANALYSIS AND FORENSIC SERVICES, LLC, FOR ALLOWANCE  
AND PAYMENT OF INTERIM COMPENSATION AND REIMBURSEMENT OF EXPENSES AS  
FORENSIC ACCOUNTANTS TO CHAPTER 7 TRUSTEE GUS A. PALOIAN**

TOTAL FEES REQUESTED:	\$11,880.00	TOTAL COSTS REQUESTED:	\$0.00
TOTAL FEES REDUCED:	\$366.00	TOTAL COSTS REDUCED:	\$0.00
TOTAL FEES ALLOWED:	\$11,514.00	TOTAL COSTS ALLOWED:	\$0.00

**TOTAL FEES AND COSTS ALLOWED: \$11,514.00**

The attached time and expense entries have been underlined to reflect disallowance in whole or in part. The basis for each disallowance is reflected by numerical notations that appear on the left of each underlined entry. The numerical notations correspond to the enumerated paragraphs below.

**(2) Unreasonable Time**

The Court denies the allowance in part of compensation for the following task since the professional or paraprofessional expended an unreasonable amount of time on this task in light of the nature of the task, the experience and knowledge of the professional performing the task, and the amount of time previously expended by the professional or another on the task. *In re Pettibone*, 74 B.R. 293, 306 (Bankr. N.D. Ill. 1987) ("The Court will determine what is the reasonable amount of time an attorney should have to spend on a given project... An attorney should not be rewarded for inefficiency. Similarly, attorneys will not be fully compensated for spending an unreasonable number of hours on activities of little benefit to the estate."); *In re Wildman*, 72 B.R. 700, 713 (Bankr. N.D. Ill. 1987) (same).

As to the time devoted to the preparation of the fee application itself, the Court denies the allowance of compensation that is disproportionate to the total hours in the main case. *In re Wildman*, 72 B.R. 700, 711 (Bankr. N.D. Ill. 1987) ("In the absence of unusual circumstances, the hours allowed by this Court for preparing and litigating the attorney fee application should not exceed three percent of the total hours in the main case."); *In re Spanjer Bros., Inc.*, 203 B.R. 85, 93 (Bankr. N.D. Ill. 1996) (compensation limited to 5%). See also *In re Pettibone Corp.*, 74 B.R. 293, 304 (Bankr. N.D. Ill. 1987) (citing *Coulter v. State of Tennessee*, 805 F.2d 146, 151 (6th Cir. 1986) (in non-bankruptcy cases, compensation for preparation and litigation of fee petitions limited to 3-5% of the hours of the main case)).

Dated: September 5, 2012

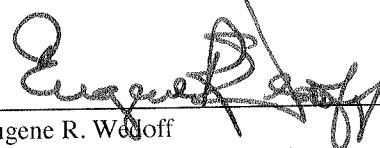
  
Eugene R. Wadoff  
United States Bankruptcy Judge

Exhibit C-3

Employee Name	Matter	Sub-Matter	Detailed Description	Date	Hours	Rate	Fees
McGrath, Patrick	Professional Services	Chapter 7 Fee Application	Update of 3rd fee application	9/22/2011	1.20	400.00	\$ 480.00
McGrath, Patrick	Professional Services	Tax Discussion	Prepare for and attend call with G. Paloian and L. West re: preparation of bankruptcy estate taxes and information needed	5/24/2012	0.50	400.00	200.00
McGrath, Patrick	Professional Services	Chapter 7 Fee Application	Prepare 4th fee application	5/31/2012	2.40	400.00	960.00
<b>Total Professional Services</b>						<b>4.10</b>	<b>\$ 1,640.00</b>

Unreasonable time. fee app = 5% cap  
prep.